

## **MINUTES**

### **MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

#### **SUBCOMMITTEE ON SALES TAX**

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**Call to Order:** By **CHAIRMAN BOB DEPRATU**, on February 16, 1999 at 11:05 A.M., in Room 413/415 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob DePratu, Chairman (R)  
Sen. Spook Stang (D)

**Members Excused:** Sen. Bill Glaser (R)

**Members Absent:** None

**Staff Present:** Sandy Barnes, Committee Secretary  
Lee Heiman, Legislative Branch

**Others Present:** Sen. Alvin Ellis, Jr.  
Gordon Morris, Montana Association of Counties  
Brian Smith, Department of Revenue  
Jerry Leonard, Department of Revenue

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:** SB 135, SB 143, SB 157

#### **DISCUSSION ON SALES TAX BILLS**

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**SEN. DEPRATU** said that he had been directed that the purpose of the subcommittee is to start working on **SB 135, SB 143** and **SB 157**, and then there are two other sets of bills that will be coming to the Taxation Committee, the VAT tax and the tax coalition bill. From all of these, it is the charge of this subcommittee to develop what is the best and most salable from all the bills.

**SEN. STANG** agreed that it would be good to look at all the bills. He said that he had voted against **SEN. SPRAGUE'S** bill coming out of the Interim Property Tax Committee, because he believes that the business equipment tax should be left at 3% and give more relief to homeowners and vehicle owners and still accomplish the goals of this legislative session. He said that would leave the tax on business at a rate that is competitive and at the same time does some of the things that the voters want. He said all those things could put the legislature in a position to provide tax reform where everybody wins. It would also give the legislature an opportunity to go to the people of Montana and say that property taxes can be reduced, motor vehicles taxes can be reduced, and this is a way to pay for it, and then show them how it compares to what is happening presently.

**SEN. STANG** also said that one thing he believed should be done is to have a Constitutional amendment that guarantees the voters that Montana will not go back in the property tax business. He said he does not believe that a sales tax can be sold to the voters unless there is a guarantee that property taxes will be protected.

**SEN. DEPRATU** said that he thought that would be part of the subcommittee's charge, to study all the bills out there to see what can be agreed upon and where it is best handled and then see if those things can't be folded into one of the bills. As far as the Constitutional amendment, the people have come around to favor a sales tax more, as long as there is a guarantee that property taxes will be relieved permanently. He said he favored a broad base for taxation.

**SEN. DEPRATU** said that the subcommittee should start working on the three sales tax bill that are before it, and then move on the the others as they come to the Taxation Committee. **SEN. DEPRATU** suggested that the committee take each bill and go through it section by section, and go from there.

**SEN. DEPRATU** then suggested that the subcommittee meet daily at 10:00 a.m. Monday through Friday, and that will be posted each day.

**NOTE:** "Senate Bills 135, 143, and 157 Analysis -- 1999 Legislative Session" was marked as **EXHIBIT (tas38b01)**. This was an informational sheet provided by the Montana Association of Counties after the committee hearing. Chart No. 4 was marked as **EXHIBIT (tas38b02)**, and Chart No. 5 was marked as **EXHIBIT (tas38b03)**, both of which were provided by **SEN. SPRAGUE** as further information for the committee's consideration.

**ADJOURNMENT**

Adjournment: 11:23 A.M.

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SEN. BOB DEPRATU, Chairman

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SANDY BARNES, Secretary

GD/SB

**EXHIBIT (tas38bad)**